



EXHIBIT 10
DATE 3-19-09
HB Housing Summit

Ronald E. Elliott
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124 Main Street
Three Forks, MT 59752

**HOUSE LOCAL GOVERNMENT COMMITTEE
PUBLIC HEARING ON THE STATE OF HOUSING IN MONTANA
THURSDAY, MARCH 19, 2009**

Chairman Arntzen and Members of the Committee:

My name is Ron Elliott. I have owned Land West Real Estate, a full service Real Estate Brokerage in Three Forks, MT. and serviced the area since 1996. I am active in the Gallatin Association of Realtors and currently serve as the Government Affairs Committee Chair. I serve on the Broadwater County Planning Board as well.

I want to thank you for your efforts here today and the opportunity to offer some comments and insight to conditions of the housing market in my area.

The community of Three Forks is located approximately 30 minutes west of Bozeman in Gallatin County. Additionally, two other counties, Broadwater and Jefferson County intersect Gallatin County within a 10 mile area west of the city of Three Forks. The city of Three Forks is a community of approximately 1719 residents. Current residential sewer hookups indicate 780 homes in the city. In addition 12 new subdivisions of varying lot sizes and number of lots have been approved, built and marketed in a 10 mile radius of the city stretching into both southeastern Jefferson and southern Broadwater Counties within the last 5 years.

I offer this information to emphasize some of the differences in this market area compared to other areas within Gallatin County, Jefferson County and Broadwater County. The conditions of the Three Forks market are different than conditions other markets such as Bozeman, Manhattan, Belgrade, West Yellowstone, Big Sky, Townsend, Whitehall, and Boulder are facing within their communities and counties that adjoin this market area. Every market is local and driven by local conditions. To attempt to ascertain market conditions for our entire 147,000 square miles in the great state of Montana is a daunting task when each area and community is different with specific criteria and needs. I would submit that to paint the market conditions of the entire state with one broad brush would only cloud the true picture just as it has on the national scene. I think you would agree that conditions in Montana are vastly different than Florida, Arizona, California and Nevada. All housing conditions are local with distinct conditions and criteria. I would urge each of you to contact your hometown

Realtor for trends in you specific areas. The State Association of Realtors and your own local board of Realtors can and want to assist you in anyway we can as well.

Over the last ten years I have witnessed the Three Forks market change vastly in property values, inventories of available and affordable housing and sale of building lots, existing homes and newly constructed homes to a high point in 2005. During the period between 2000 and 2005 we were on a high. There was an abundance of Buyers with a limited supply of inventory of homes. Thus, the market place was driven by supply and demand. Three Forks, a bedroom community of Bozeman could offer a lower and a more affordable median price range than the Bozeman, Belgrade or Manhattan market. I witnessed an ever appreciating median price driving the market ever higher to the high point in 2005. During this period I witnessed a sharp increase in availability of financing with less requirements and qualification criteria from some of the larger and internet driven lenders such as Citicorp, Wells Fargo and Country Wide. Local brick and mortar community banks and most local Mortgage Companies maintained their lending criteria and I believe wrote qualifying mortgages based on solid lending criteria and conditions. Yet, the national internet companies it seemed, were writing mortgages based on the buyer's ability to "fog a mirror". The previous two national administrations through policy actually encouraged less restricted lending. It was as if homeownership was an entitlement rather than a personal investment and responsibility.

After we hit our high point in 2005, the market started a backward transition in 2006, 2007 and 2008 as evidenced by a sharp reduction in sales and buyers and an ever increasing inventory of available homes. Investors and Spec home builders likewise experienced this "correction" in the market and started adjusting and lowering prices in an effort to liquidate their holdings. This stated a downward trend in property values during this period. Most lenders returned to basics and to more stringent criteria for buyer qualifications. As more of these properties slipped into a distressed position, more foreclosures and deed backs in lieu begin to affect the market place and suddenly we begin to find many homeowners property values decline at a sharp rate. As this was happening, our economy started to slow and layoffs and businesses started to experience a rapid decline in business. In 2007 we begin to see this affecting the market in values slipping below mortgage balances driving the downturn even more. Confidence in the market declined. Both lenders and buyers lost confidence in the market thus slowing it even more until September of 2008 when the national government realized we had more than a correction going on in the market place.

National media played a huge role in driving confidence from the market place. Buzz words such as "toxic assets" were associated and tied to Real Estate. The doom and gloom of the national media continues today. I submit to this committee that we are not dealing with "Toxic Assets" but real properties with real people being affected in our hometown communities. Homeowners that purchased and mortgaged homes with conventional financing during the appreciating years are now being affected by the downturn in values and the declining economy through no fault of their own.

Many of the folks I am currently working with are close to a foreclosure situation. I encourage these folks to work with their lender to attempt some adjustments in their mortgage rates and terms. I believe most lenders have a desire to work with these borrowers if adjustments can be made. The lending institutions really do not want to have the actual Real Estate as inventoried assets.

Some homeowners were two income households that one income has been lost through layoffs or business closings. Others are single income households that have lost employment due to the economic downturn and no fault of their own.

This is an opportunity market. Prices are lower, choices and inventories of available housing are higher and there are lenders with great interest rates and terms. This market will sort itself out. People have different housing needs throughout their lives so the market needs to remain flexible. History has shown that property values over the long term will appreciate. Real Estate remains one of the individual's best investments over the long term of their life.

This can not happen without a strong economy and quality jobs. Our unemployment is up and unless we see this start to recede, the housing situation will continue to slide backward.

How do we stop this slippery slide backward? Even the national "experts" disagree with each other and they are several pay grades above me. I feel a great deal of your emphasis should be placed in economic stability and growth. A stable, growing economy will place confidence back in the housing market. Somehow, stop the foreclosure rate from escalating any higher. Understand your own local market indicators and understand each local market is different.

Rest assured your local hometown Realtor shares your concerns. Contact them for specific market trends within your own communities. Look to them for information and input regarding trends in your community and remember, all Real Estate is local.

Respectfully Submitted,


Ron Elliott

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Submitted to: House Local Government Committee Public Hearing on Housing
March 19, 2009

The Gallatin Valley has had the good fortune of experiencing a period of fantastic growth in the last few years. Record home sales and appreciation have been the norm. And although we generally don't feel the hard times as badly as some areas of the country we are not immune. The last year and a half have been a reminder of that fact. Over supply and dropping home values have lead to a definite slowing in the housing industry.

One sign that things are truly getting worse is the re-appearance of Deed's in Lieu of Foreclosure. This mechanism to avoid the actual foreclosure process is now being implemented on entire subdivisions, something we have not seen here in the valley since the '80's. There has been one confirmed Deed in Lieu filed by a local bank on the first phase of a subdivision with the possibility of three other subdivisions to follow. The impact this has on the real estate community and the banking industry is profound. We are no longer buffered from the economic woes the rest of our country has been suffering, and this downturn is having a major impact on our industry.

Respectfully Submitted,
Marie McSpadden
American Land and Title Company
Bozeman, MT

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DATE 3-19-09
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House Local Government Committee
Public Hearing on the State of Housing in Montana.
Thursday, March 19, 2009

Chairman Arntzen and members of the committee:

My name is Donna Kostelecky, Broker/Partner of the Bozeman Broker Real Estate Group and a past president of the Gallatin Association of Realtors. I have lived in Bozeman, Montana since 1983 and have been active in the community and the Real Estate market ever since.

The down turn in employment opportunities has not only affected the housing market it has had a major impact on the rental market in the Bozeman area as well. It is forcing people to leave our area to find employment elsewhere.

As of Sunday, March 22, 2009 our local newspaper had 3 full pages of properties for rent. Owners/Managers are offering incentives to rent their properties, we have not seen that approach since the mid 80's. The positive side of this is tenants have some negotiating power and a great selection, however it can and has put some owners in a negative cash flow position of which has caused some short sales and foreclosures.

I realize there is no simple solution to correct our housing and employment problem, whatever you can do would be greatly appreciated.

Sincerely,



Donna Kostelecky, Broker/Partner